Digital Video Viewers And Brand Connection

April 2018

Context: The Rise of Direct Brands

In early 2018 at the IAB Annual Leadership Meeting, IAB announced a paradigm-shifting thesis to capture, explain, and understand an enduring shift of the consumer economy, a shift from a century old “indirect brand economy” to a “direct brand economy” characterized by data-driven, digitally native, and customer experience-focused upstart brands with direct connections to consumers. These Direct Brands are disrupting the legacy business model of marketing and driving the growth of a new consumer economy.

In recognition of these Direct Brands, IAB also released its first annual “IAB 250 Powered by Dun & Bradstreet,” a report on the top 250 Direct Brands to watch in 2018. The list covers 15 different categories, spotlighting a range of “Direct Brand” upstarts and Incumbent Brands that have successfully tapped into the direct brand movement.

Objectives | Methodology

Objectives

In the context of the IAB 21st century Direct Brand theme, IAB Video Center conducted a primary consumer research study to gain a deeper understanding of digital video viewers and their connection with Direct Brands. Specifically the study aims to:

- Develop a deep understanding of the Original Digital Video (ODV) audience and gain insight into the connection between ad-supported ODV viewers and brands
- Understand the unique value of ODV audience in comparison with other types of digital video audience
- Explore and determine the value of ODV as an effective advertising platform (for both Incumbent Brands and Direct Brands) to reach and engage their audience

Methodology

A total of 2,022 interviews were completed online in the U.S. in March 2018.

- Representative sample of respondents ages 13+ across key demographics (age, gender, ethnicity, and region)
- All data is weighted back to the most recent census data to provide insight into natural sizing of US digital video viewers
- Median length of the survey: 12 minutes
- Sample sourced from YouGov panel and YouGov partner panels

Definition: Original Digital Video includes two types of original video programming

Original Digital Video (ODV) in this study is defined as ad-supported, professionally-produced, digitally-distributed, original video programming

Total
Original Digital
Video Viewers
86 MM
(32%)

Ad-supported
Original shows,
clips, extras
63 MM
(24%)

*Labelled as
“**ODV Short**” in
later analysis

Ad-supported
original series
48 MM
(18%)

*Labelled as
“**ODV Long**” in
later analysis

Based on 2017 U.S. Census (source: https://www.census.gov/cps/data/cpstablecreator.html)

Total US Population, Ages 13+ 268 million

Market Size: Ad-supported Original Digital Video viewership reaches 86 million Americans 13 years and older

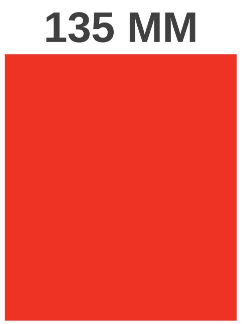
Original Digital Video

Digital video viewers that watch professionally-produced and ad-supported video content made for digital distribution only. The original video content can include episodic shows, online clips/extras from TV shows or show-form video.

32% of total US Population, Ages 13+

TV Shows Online

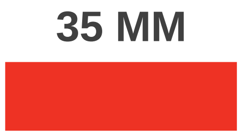
Digital video viewers that watch TV series online instead of through traditional linear TV via a pay TV service or over the air. These TV shows could be either currently airing on TV or aired in the past.



50% of total US Population, Ages 13+

Ad-Free Only Digital Original Series

Digital video viewers that watch professionally-produced digital original series only through ad-free video streaming services such as Netflix and Amazon Prime.



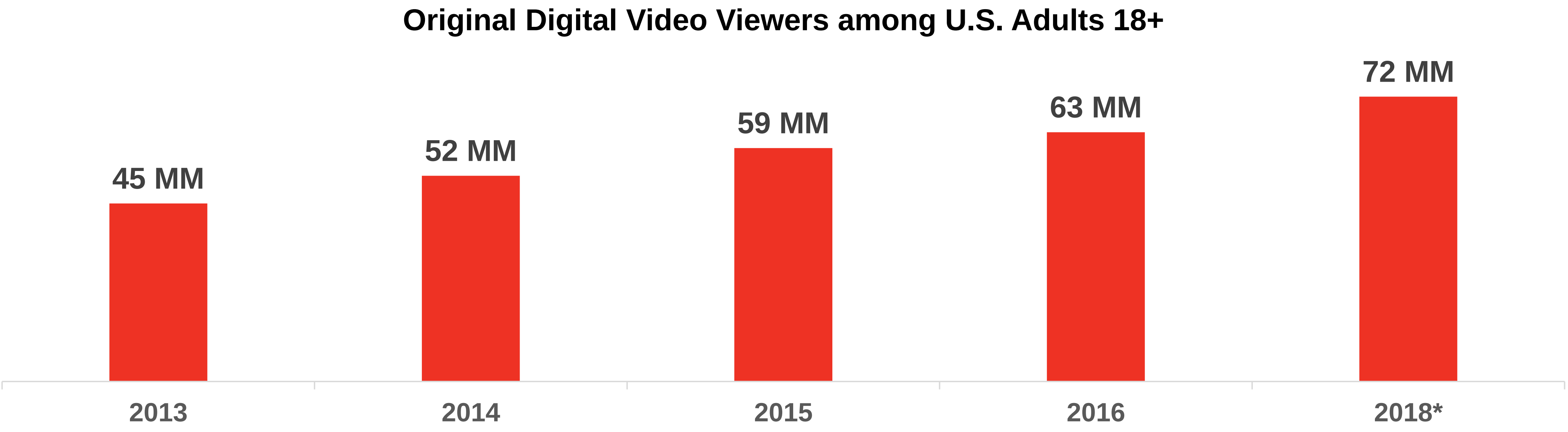
13% of total US Population, Ages 13+

Based on 2017 U.S. Census (source: https://www.census.gov/cps/data/cpstablecreator.html)

Total US Population, Ages 13+ 268 million

Growth Trend: Original Digital Video viewership is on the rise

Original Digital Video viewers among U.S. adults 18+ years has been on a steady increase since 2013. From 2013 to 2018, the ODV audience has grown by 60% from 45 million to 72 million American adults. The ODV audience is no longer a niche audience in the U.S.



**Note: 2018 ODV viewership is adjusted to U.S. adult population 18+ years for comparability with previous years. There is no ODV market sizing data in 2017.*

Source: IAB Original Digital Video Consumer Study May 2016.

Key Takeaways

Original Digital Video Growth

- Original Digital Video (ODV) is defined as ad-supported, professionally-produced, digitally-distributed, original video programming. In 2018, ODV has reached 86 million Americans 13 years and older, accounting for 32% of total U.S. population 13+.
- This type of digital video programming encompasses clips, extras, short-form original programming (24% of total U.S. population 13+) and ad-supported original series (18% of total U.S. population 13+).

Value of Original Digital Video Audience

- The ODV audience skews younger and delivers a higher concentration of Gen Z (16%) and Millennials (44%) compared to viewers of TV shows online and those who only watch ad-free digital original series. In fact, 60% of ODV viewership is 34 years or younger.
- ODV viewers are also more racially diverse. 43% of ODV viewers are non-White compared to 36% of U.S. total population.
- Over one-third of ODV viewers are cord cutters/nevers without a pay TV subscription. They are tech savvy and over-index on IoT adoption (47%) such as smart watch, fitness band, and voice-enabled home digital assistant.
- Viewers of ad-supported original digital video see themselves as more fun-loving, creative, curious, adaptable, adventurous, and forward-thinking than viewers of other types of digital video.

Key Takeaways

Original Digital Video and Direct Brand Connection

- The study tests 12 Direct Brands and 12 Incumbent Brands to gauge and compare brand metrics between the two brand categories. While Incumbent Brands garner a higher level of awareness, familiarity, engagement, and purchase intent than Direct Brands across digital video viewer groups, a closer connection between ODV audience and Direct Brands is uncovered compared to audiences of other types of digital video - ODV viewers are more likely to be aware and familiar with Direct Brands. They are also more engaged with Direct Brands and show the highest purchase intent.

- Along the purchase funnel from brand awareness to familiarity to purchase consideration, ODV viewers exhibit the highest conversion rates towards Direct Brands.

- When examining the brand mindset, 45% of ODV viewers are identified as Brand Seekers – consumers who are curious to learn about new brands and prefer to directly communicate with a brand. This Brand Seeker segment is proven to be a receptive group to Direct Brands as they over-index on Direct Brand awareness, familiarity, and purchase intent compared to the average U.S. consumer.

Key Takeaways

Engage Original Digital Video Audience

- 86% of ODV viewers watch ad-supported original video content weekly, on par with the weekly viewership of TV shows online (89%). They are more likely to consume ODV content during their own personal prime times throughout the morning and afternoon beyond the traditional 8-11pm window.

- Mobile (smartphone 44%, tablet 20%) stands out as a major viewing platform for ODV content compared to TV shows online and ad-free only digital original series. OTT/connected TV (46%) is also an important platform where viewers consume ODV programming.

- Key points of differentiation of ODV include fun, value/free to watch, relevance and fresh content in comparison with other types of digital video.

- Word of mouth and online browsing are the top sources of awareness of ODV content, followed by social and search. However, show reviews, print, radio, and billboard ads have an outsized level of influence on ODV content choices among those exposed.

Implications for Brands

- ODV audience is no longer a niche. It can effectively deliver a sizable and desirable audience for any brands that want to connect and engage with young (Gen Z and Millennial), racially diverse, and tech savvy consumers.
- Direct Brands, in particular, have huge opportunities to leverage ODV as an advertising and engagement platform. Nearly half of this valuable audience is already receptive to learning about new brands and directly communicating with brands as Brand Seekers. For performance-focused Direct Brands, ODV viewers have the highest conversation rate among digital video viewers.
- Brands, incumbent and direct, have the opportunities to reach and engage with consumers through ODV content throughout the day, instead of only targeting and competing for the highly cluttered evening prime time. Target by each unique content moment and needs state to create relevance and value. Focus on Mobile and OTT platforms to reach and engage with these viewers.
- While open minded and direct, ODV viewers also have high expectations for brand communications to be fun and informative. Brands need to provide both utility and entertainment value in their communications. This makes branded ODV content a particular appealing tactic to deliver brand messages and engage with consumers.
- Promote and highlight the unique value propositions that differentiate ODV from other types of digital video content such as value/free to watch, fun, relevant, and fresh content to attract and engage with this continually growing ODV audience.

A Closer Look at Digital Video Viewers.

Demographics: ODV viewers skew younger with a high concentration of Gen Z and Millennials

Original Digital Video delivers a high proportion of Gen Z (16%) and Millennials (44%), which accounts for 60% of the entire viewership. This makes the ODV audience desirable for brands that want to reach the elusive younger demos.

	GEN POP	ODV VIEWER	TV SHOW ONLINE VIEWER	AD-FREE ONLY DIGITAL ORIGINAL VIEWER
GENDER (MALE)	49%	51%	47%	39%
AGE (AVG. AGE)	45	34	40	42
13-17	8%	16%	10%	4%
18-34	27%	44%	35%	34%
35-54	27%	29%	29%	33%
55+	38%	11%	26%	29%

	13-17	18-34
ODV Short	18%	43%
ODV Long	12%	49%

Are you male or female? | What is your age?

Demographics: ODV viewers are more likely to have kids under 18 at home and are more racially diverse than U.S. total population

MARITAL STATUS

	GEN POP	ODV VIEWER	TV SHOW ONLINE VIEWER	AD-FREE ONLY DIGITAL ORIGINAL VIEWER
Never married	37%	51%	44%	38%
Married	41%	34%	36%	38%
Other	22%	15%	20%	24%

ODV Short 54% | ODV Long 45%

ODV Short 32% | ODV Long 39%

PARENTS
(among ages 18+)

	GEN POP	ODV VIEWER	TV SHOW ONLINE VIEWER	AD-FREE ONLY DIGITAL ORIGINAL VIEWER
Have children under the age of 18	29%	41%	34%	41%
Have children age 18 or older	26%	14%	23%	26%

ETHNICITY

	GEN POP	ODV VIEWER	TV SHOW ONLINE VIEWER	AD-FREE ONLY DIGITAL ORIGINAL VIEWER
Caucasian	64%	57%	61%	56%
African-American	12%	14%	13%	12%
Hispanic	16%	18%	17%	25%
Other	8%	11%	9%	7%

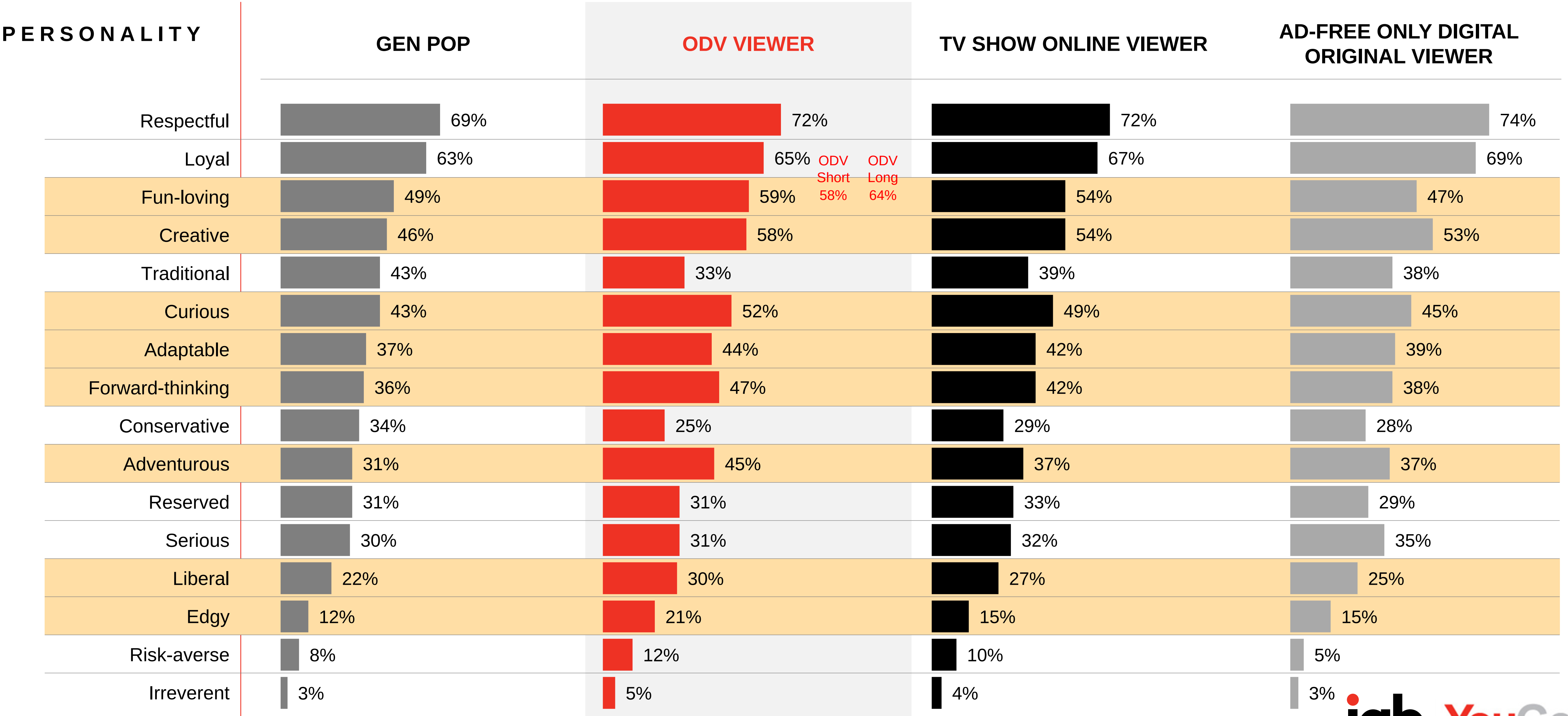
What's your marital status? | Are you the parent or guardian of any children? | What racial or ethnic group best describes you?

Technographics: ODV viewers are more likely to be cord cutters/nevers; they use more video streaming services and over-index on IoT adoption

	GEN POP	ODV VIEWER	TV SHOW ONLINE VIEWER	AD-FREE ONLY DIGITAL ORIGINAL VIEWER
CORDLESS (NO PAY TV)	27%	35%	30%	34%
VIDEO STREAMING SERVICES	1.5 AVG. # OF STREAMING SERVICES USED	3.1 AVG. # OF STREAMING SERVICES USED ODV Short 3.0 ODV Long 4.1	2.2 AVG. # OF STREAMING SERVICES USED	1.6 AVG. # OF STREAMING SERVICES USED
IOT OWNERSHIP (e.g., wearables, Voice assistants)	28%	47% ODV Short 50% ODV Long 57%	38%	35%

Q4. Which of the following streaming video services, if any, do you use to watch video content at least once a month? | Q5. Which of the following devices does your household own? | Q6. Which of the following subscriptions does your household pay for?

Personality: ODV viewers see themselves as *more* creative, fun-loving, curious, adaptable, adventurous, and forward-thinking



Q1a. Which of the following best describes you?

Brand Connection.

Brandscape: Incumbent Brands And Direct Brands

- The following list of 24 brands was utilized in this research as proxies for the brand category analysis, including 12 Incumbent Brands and 12 Direct Brands in each respective category.
- The list covers a wide range of brands from online retail to brick-and-mortar store, from clothing to groceries.
- An Incumbent Brand in each category (e.g. apparel, cosmetics) was paired up with a similar Direct Brand (for example, Amazon/Jet).

Direct Brands

FABLETICS
BONOBOS
EVERLANE
GLAMSQUAD
HARRY'S
Casper
Blue Apron
Jet
Glossier.
BIRCHBOX
TESLA
AWAY

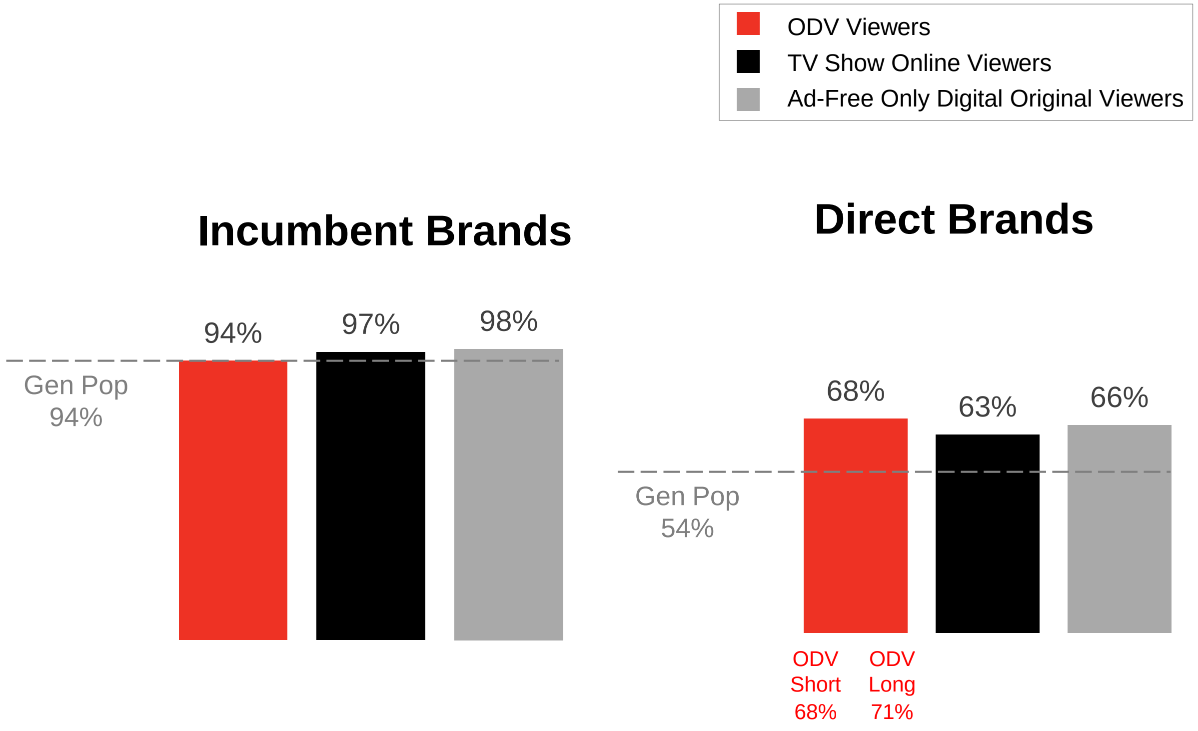
Incumbent Brands

Serta
Brooks Brothers
NIKE
BUICK
BANANA REPUBLIC
WHOLE FOODS MARKET
drybar
Gillette
OLAY
Samsonite
amazon
MAYBELLINE

Brand Awareness: Digital video viewers overall have a higher Direct Brand awareness than U.S. general population

Brand Awareness

- Across the three viewer groups of digital video, the level of brand awareness is consistently high for Incumbent Brands, which reflects the established status of Incumbent Brands.
- Digital video viewers across the board over-index on Direct Brand awareness, among which ODV viewers show the highest awareness level.



Explanation of Analysis: for the brand metrics showcased in this section, all data is reported based on selection of 3+ Incumbent Brands and 3+ Direct Brands. Awareness is based on those who are aware of 3+ brands in that category.

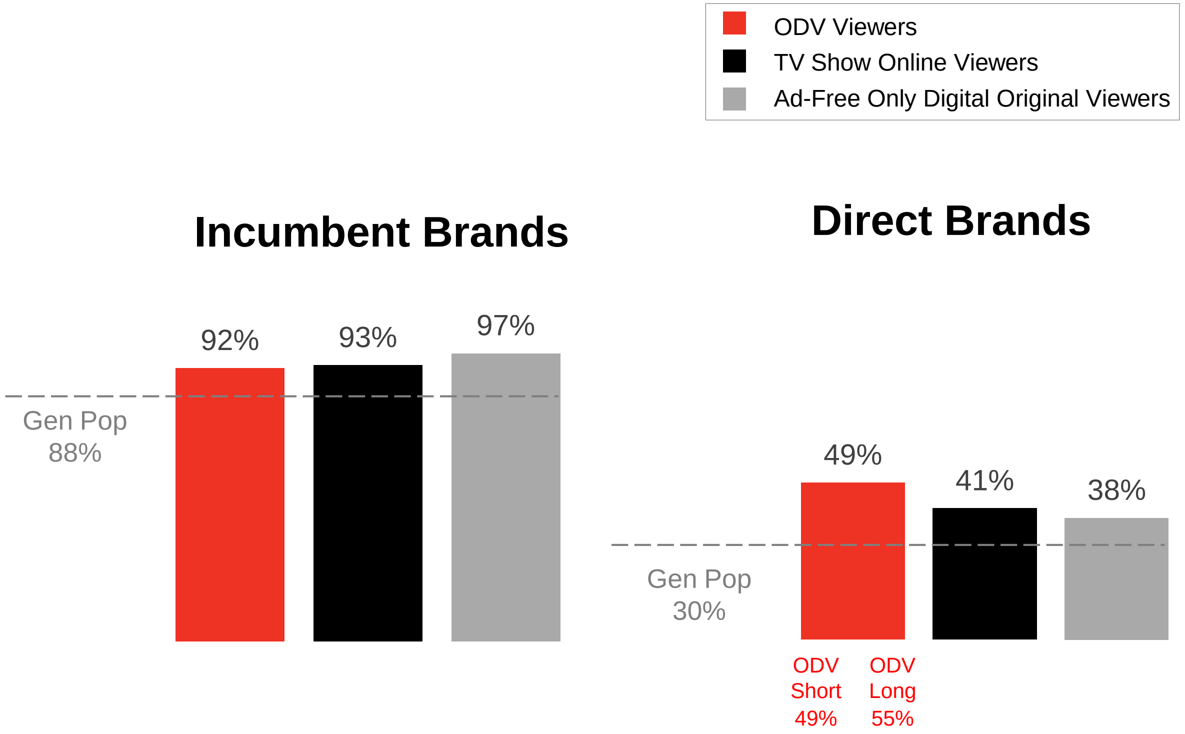
D2a. Which of the following brands have you ever heard of?

Brand Familiarity: ODV Viewers are more familiar with Direct Brands

Brand Familiarity

- **The level of familiarity of Incumbent Brands is consistently higher than Direct Brands across all digital video viewer groups.**

- **Digital video viewers across the board over-index on Direct Brand familiarity; ODV viewers show the highest level of familiarity.**



Explanation of Analysis: for the brand metrics showcased in this section, all data is reported based on selection of 3+ Incumbent Brands and 3+ Direct Brands. Familiarity is based on those who said they are "very/somewhat familiar" with 3+ brands in that category.

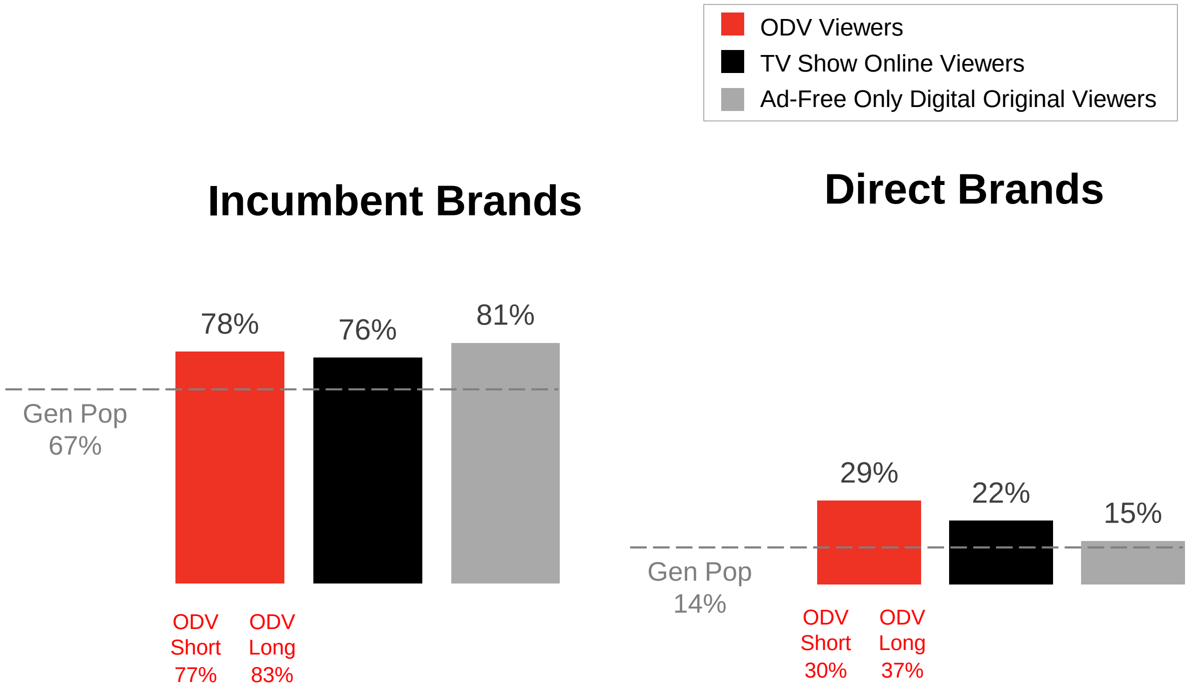
D2b. How familiar are you with each of the following brands?

Purchase Intent: ODV Viewers express greater likelihood to purchase Direct Brands

Purchase Intent

- **While purchase intent of Direct Brands is considerably lower than Incumbent Brands, ODV viewers have distinctly indicated a higher purchase intent for the Direct Brand category than viewers of TV shows online and ad-free only digital original series.**

- **Direct Brands as newer entrants to the marketplace will have better opportunities by targeting ODV viewers.**



Explanation of Analysis: for the brand metrics showcased in this section, all data is reported based on selection of 3+ Incumbent Brands and 3+ Direct Brands. Likelihood to purchase is based on those who said they "definitely/probably would purchase" from 3+ brands in that category next time they are looking to make a purchase.

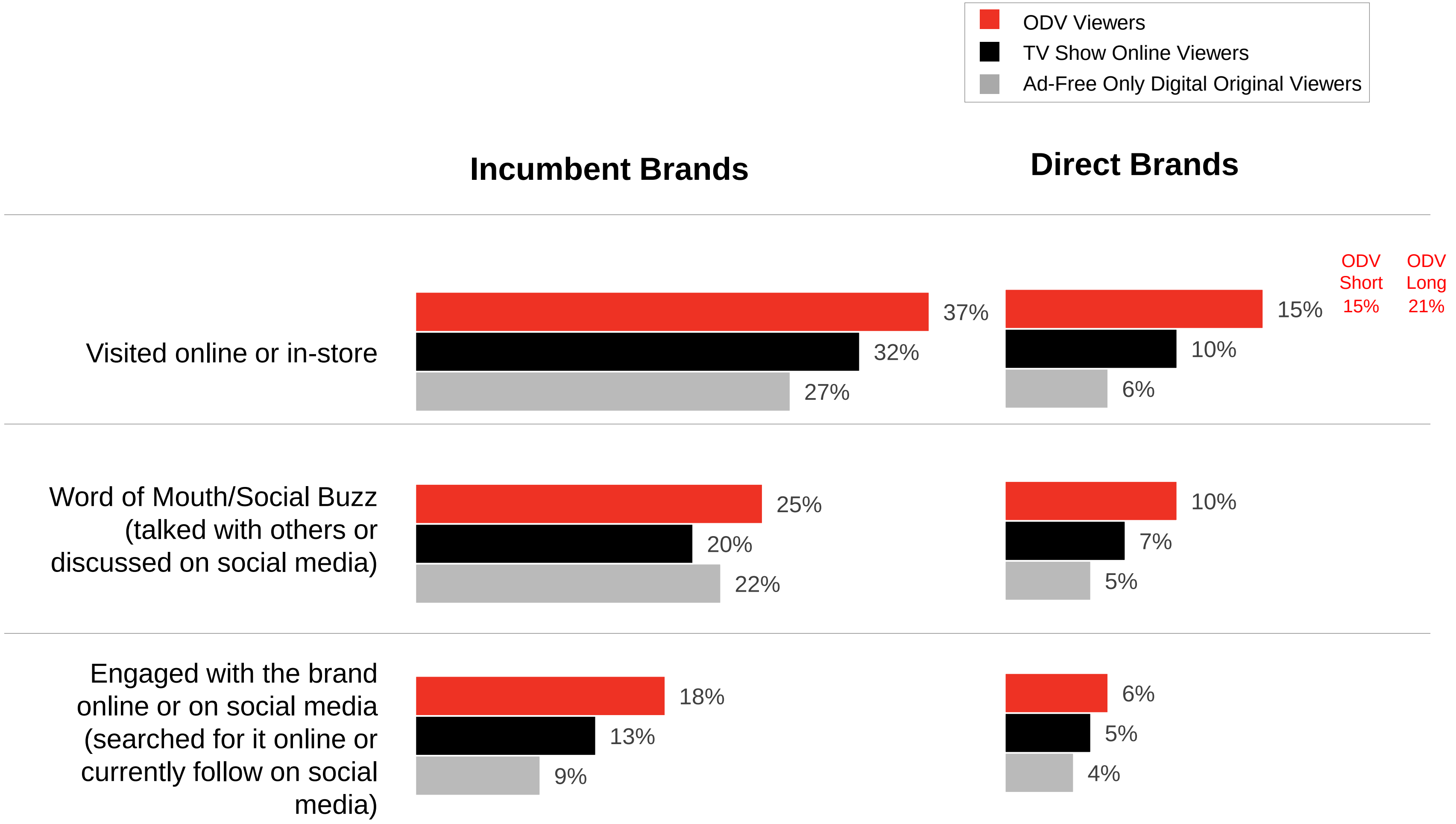
D6. How likely would you be to purchase each of the following brands the next time you're looking to make a purchase within that category?

Brand Engagement: ODV viewers are more engaged with both Incumbent and Direct Brands than other digital video viewer groups

Brand Engagement

- **ODV viewers reported a higher level of brand engagement with both Direct and Incumbent Brands manifested as store/ site visitation, word of mouth/ social/ buzz, and online search or social following.**

Explanation of Analysis: for the brand metrics showcased in this section, all data is reported based on selection of 3+ Incumbent Brands and 3+ Direct Brands. Brand engagement is based on those who engaged with 3+ brands for that type of interaction and in that category.



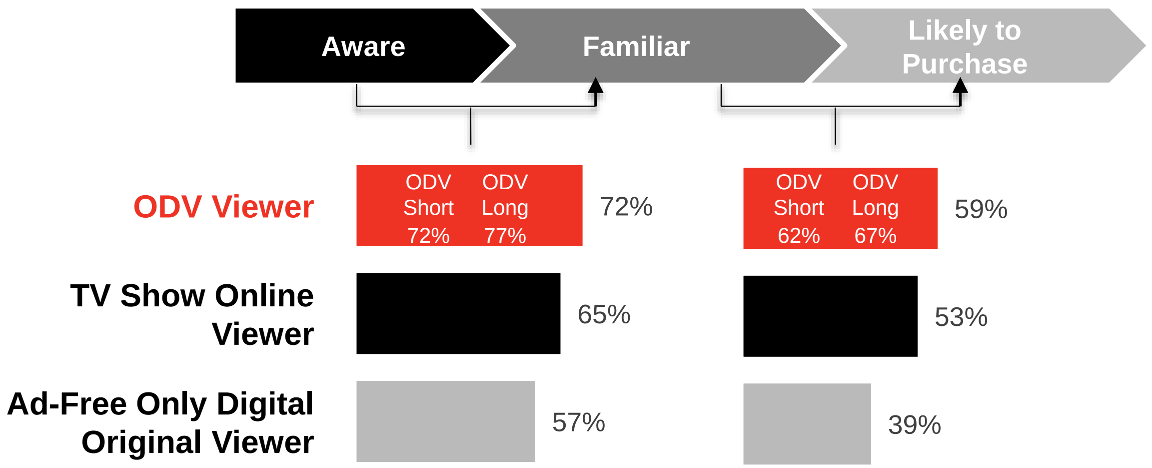
D3. Which of the following best describes your experience with each of the following brands?

Conversion: ODV viewers yield the highest probability to convert along the purchase funnel towards Direct Brands

- **For performance-focused Direct Brands, ODV viewers are an appealing target segment.**

Conversion of Brand Awareness → Familiarity → Purchase Consideration

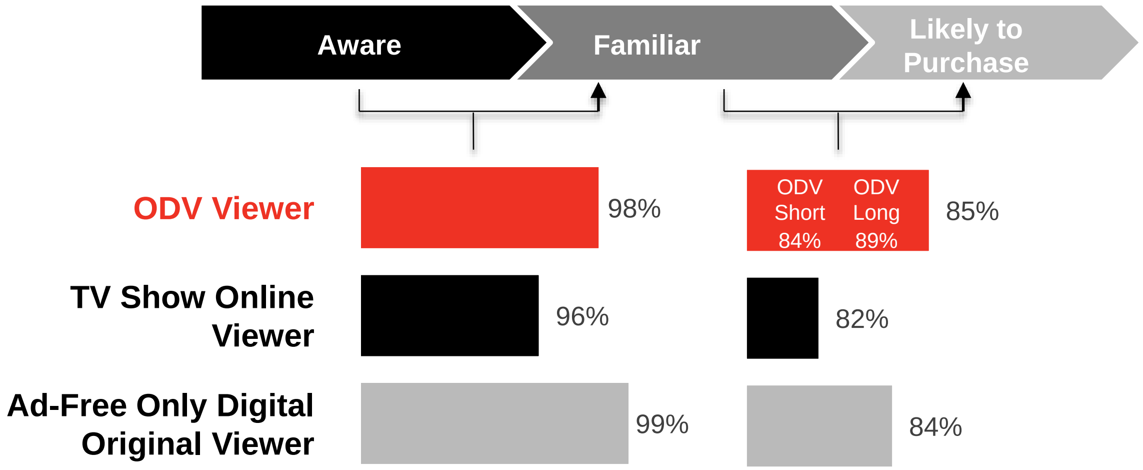
Direct Brands



Conversion
Among those aware, what proportion become familiar with the brands

Conversion
Among those familiar, what proportion go on to say they will purchase the brand

Incumbent Brands



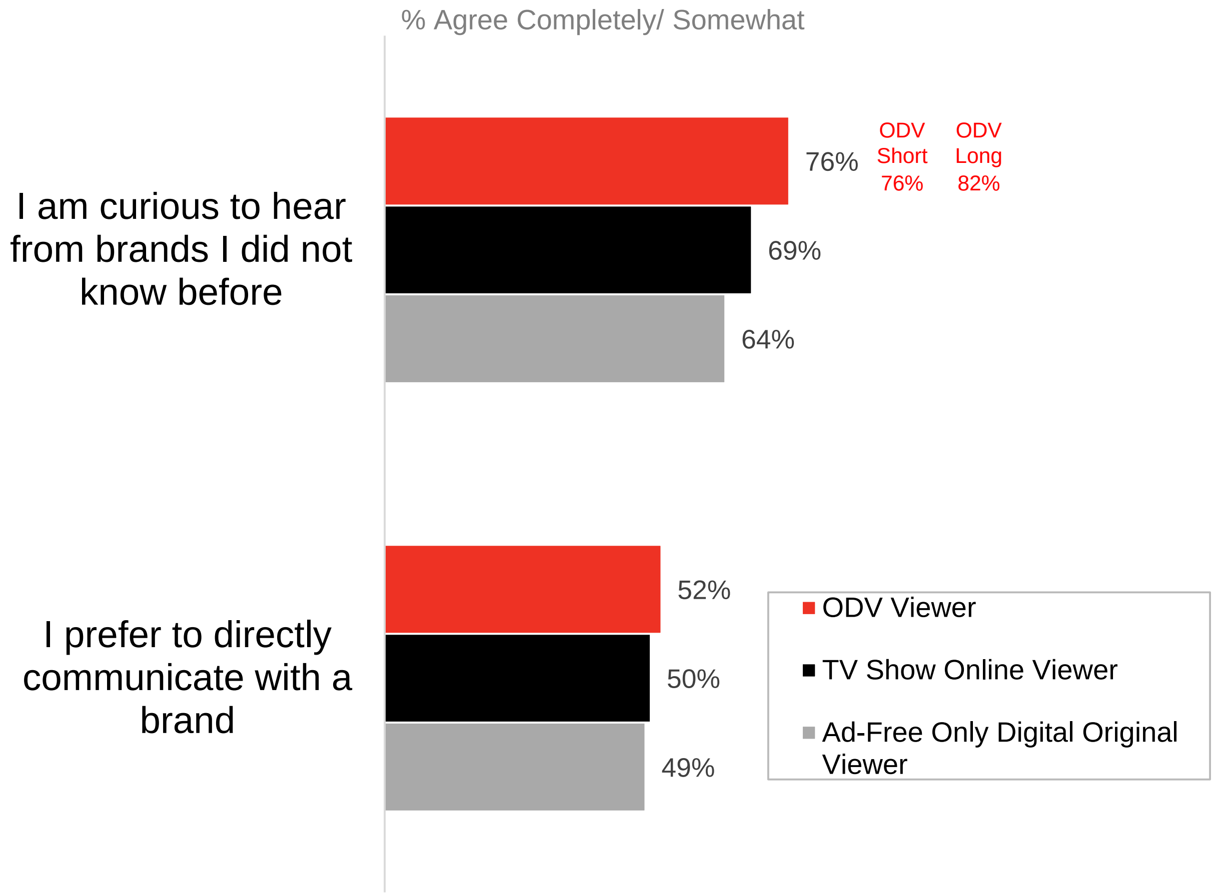
Conversion
Among those aware, what proportion become familiar with the brands

Conversion
Among those familiar, what proportion go on to say they will purchase the brand

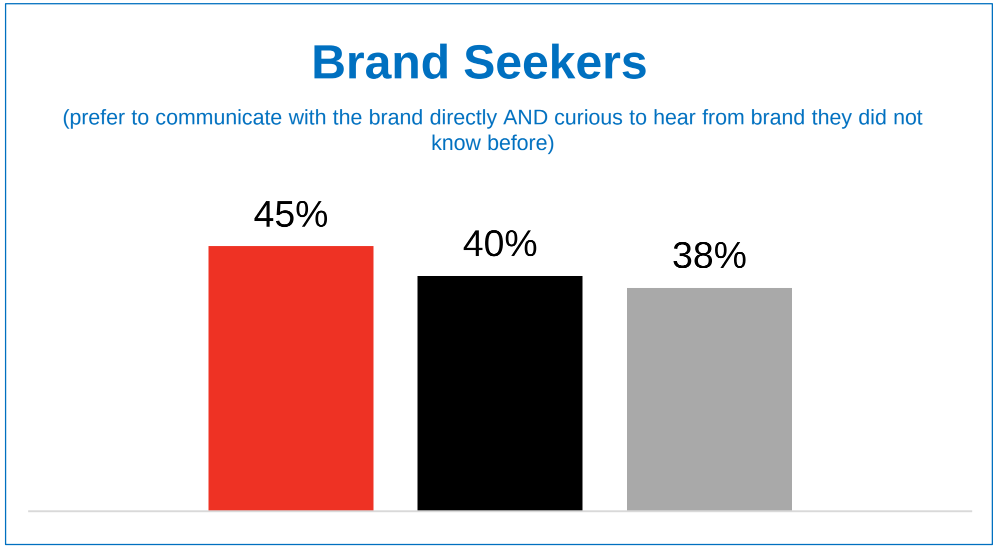
D2a. Which of the following brands have you ever heard of? D2b. How familiar are you with each of the following brands?
D6. How likely would you be to purchase each of the following brands the next time you're looking to make a purchase within that category?

Brand Attitude: ODV viewers consist of the highest proportion of "Brand Seekers" who are curious and receptive to direct brand communication

Brand Attitude



- **Nearly half of ODV viewers (45%) are Brand Seekers, higher than other digital video viewer groups.**
- **Brand Seekers are both open-minded about new brands and receptive to direct brand communication.**

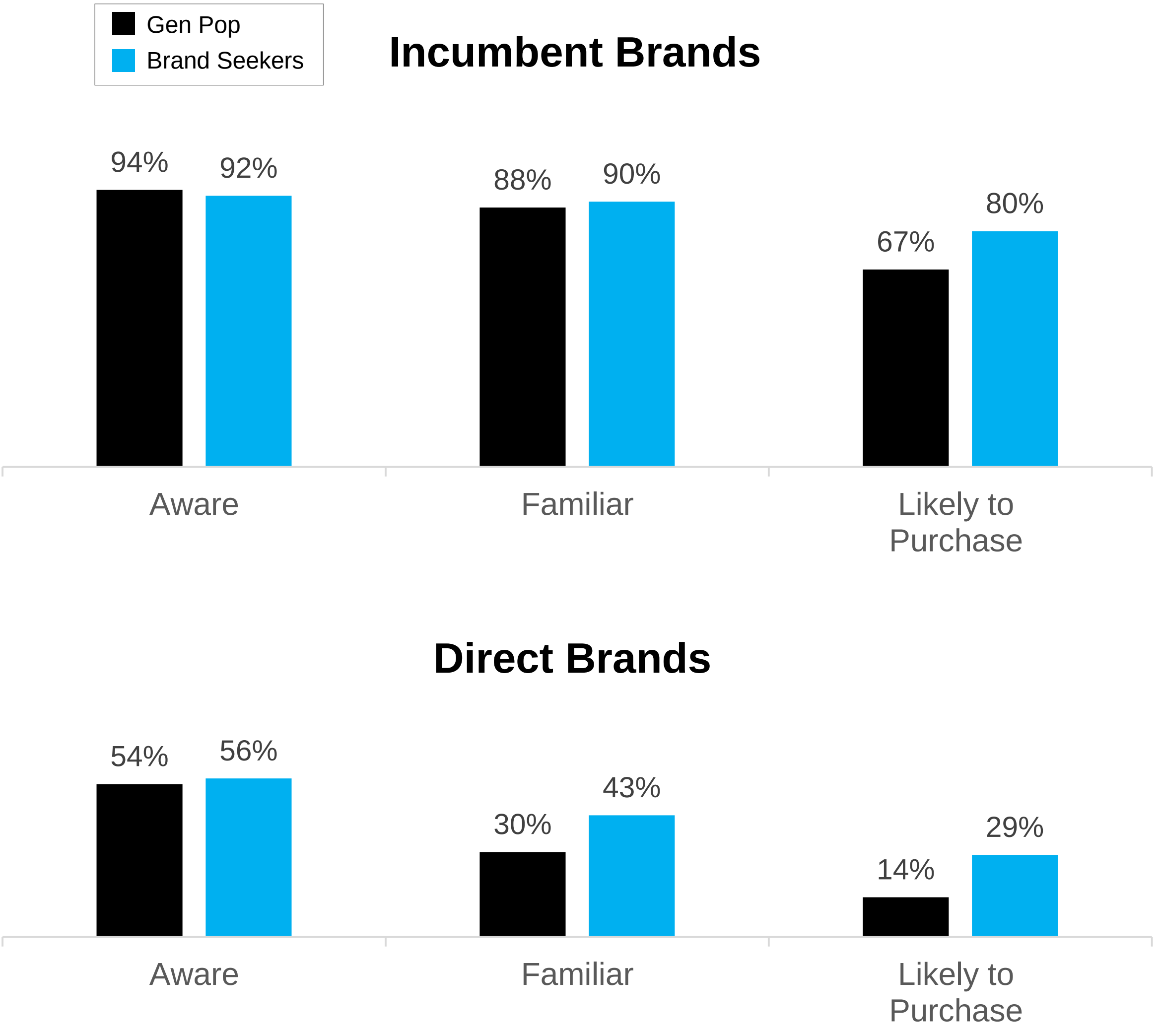


D7. To what extent do you agree with the following statements when it comes to brand communications?

Value of Brand Seekers: Brand Seekers over-index on Direct Brand familiarity and purchase intent

Brand Seekers Deep-Dive: Summary of Key Brand Metrics

- Brand Seekers are defined as consumers who are both curious and open-minded to new brands and prefer to directly communicate with brands.
- Given this mindset, Brand Seekers are more likely to purchase from any brand, whether it be Incumbent Brands or Direct.
- Especially Brand Seekers are twice likely to purchase a Direct Brand than the average U.S. consumer.



D2a. Which of the following brands have you ever heard of? D2b. How familiar are you with each of the following brands?
D6. How likely would you be to purchase each of the following brands the next time you're looking to make a purchase within that category?

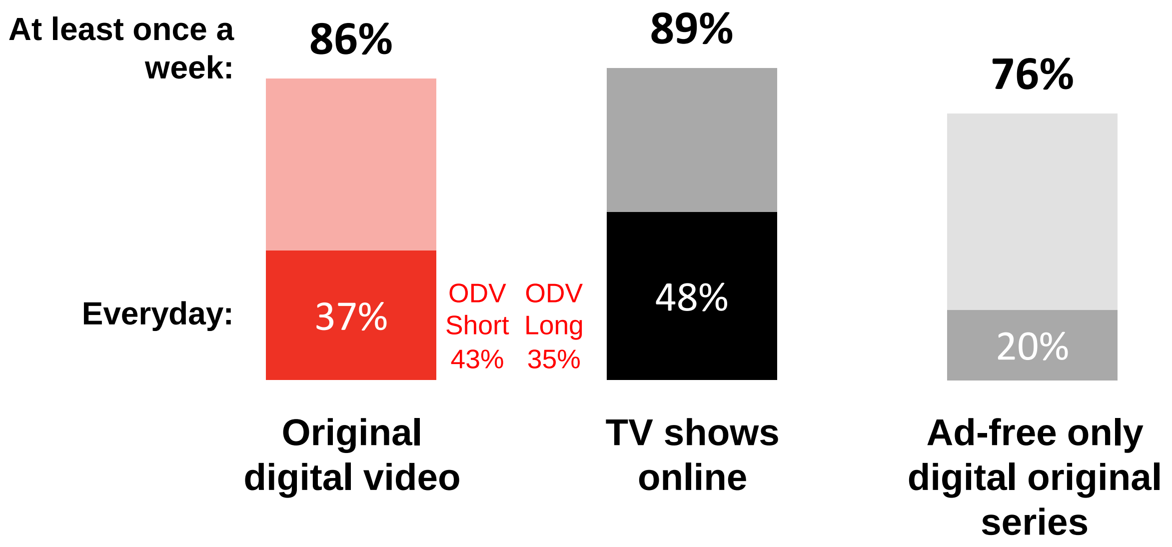
Engage Original Digital Video Viewers.

Viewing Frequency: Weekly viewership of ODV and TV shows online reaches parity

Viewing Frequency

- **Nearly 9 out of 10 ODV and TV shows online viewers watch the respective digital video content weekly. ODV is on par with TV shows online in terms of weekly viewership.**
- **More than one-third of ODV viewers watch original digital video content daily. The viewers of ad-supported shows/clips/extras report a higher daily viewing (43%) than viewers of ad-supported digital original series (35%).**

Frequency
(among viewers of each type)



	Original digital video	TV shows online	Ad-free only digital original series
Avg. # of viewing hours per week	**5.6 hrs**	**8.6 hrs**	**4.8 hrs**

A1. How frequently do you typically view each of the following types of video?
A2. In a typical week, how many hours do you spend watching each type of video?

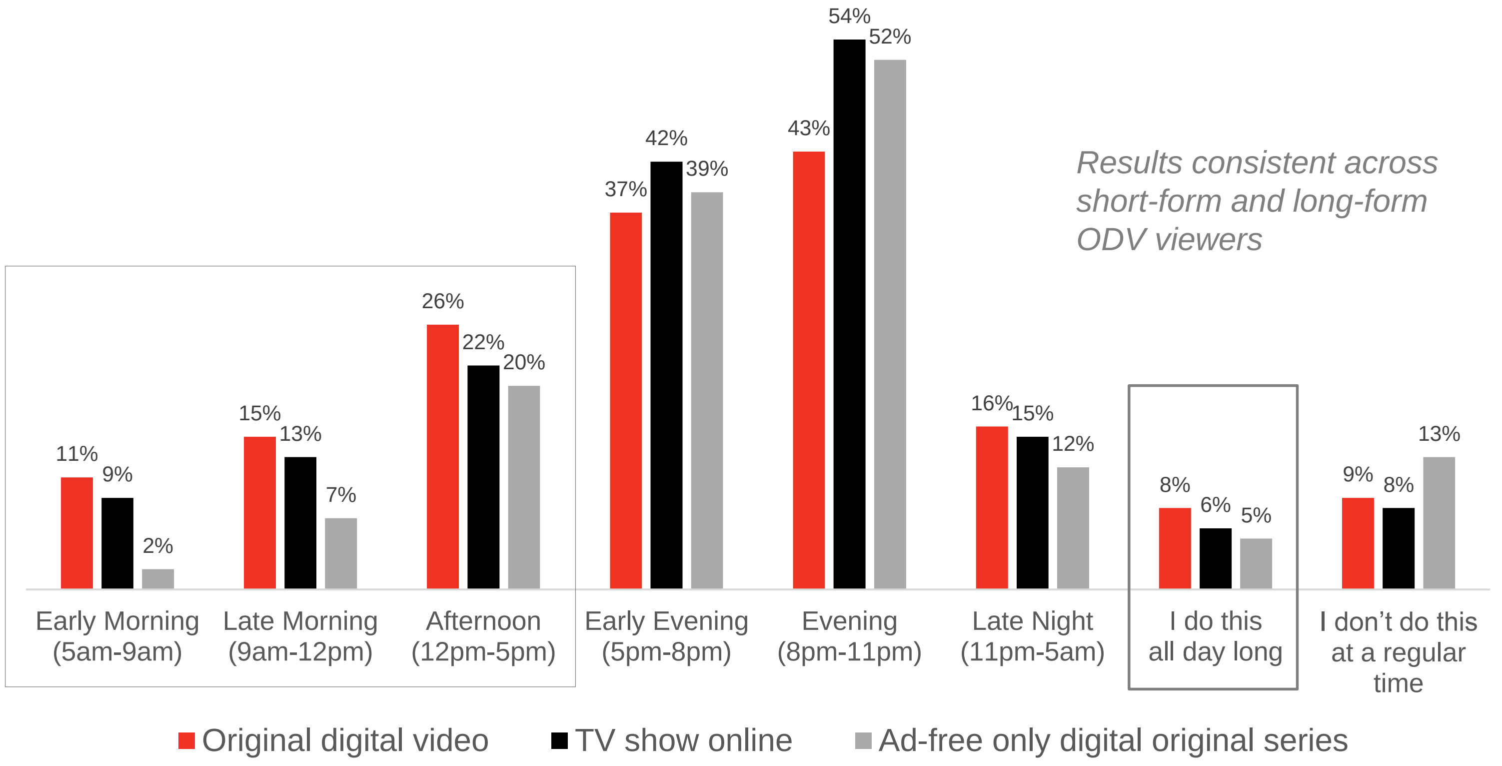
Viewing Dayparts: ODV viewing has a greater reach beyond traditional prime time (in the morning and afternoon)

Viewing Dayparts

- **Digital video's on demand and mobile nature allows consumer to create their own unique personal prime times based on their needs states throughout the day beyond the traditional homogenous 8-11pm time slot.**

- **ODV viewership has the highest reach from early morning through afternoon in comparison to other types of digital video, which enables brands to connect and engage consumers in the right moment.**

Time of the Day Typically Watch Video
(among viewers of each type)



A3. During which of the following time periods do you typically watch the following types of video?

Viewing Devices: Mobile and OTT are the leading ODV viewing platforms

Viewing Devices

(among viewers of each type)	Original digital video	ODV Short	ODV Long	TV shows online	Ad-free only digital original series
OTT (Net)	**46%**	47%	53%	**56%**	**52%**
Smart TV	22%			30%	32%
Video streaming device	20%			24%	20%
Gaming console	16%			15%	11%
Desktop or Laptop computer	45%			44%	39%
Smartphone	44%	48%	44%	26%	28%
Tablet or dedicated e-book reader	20%			14%	9%
Virtual reality headset	2%			1%	0%

A4. Which of the following devices do you typically use to watch the following types of video?

Unique Benefits: ODV is most differentiated on value/free to watch, fun, relevance, and fresh content

Top Reasons for Watching

% Ranked Top 3	Original digital video	ODV Short	ODV Long	TV series/episodes online	Digital only original series
Videos are free to watch	35%			28%	21%
Can watch on my schedule	35%			52%	46%
Videos that are fun to watch	28%	32%	26%	22%	22%
Includes videos and topics that match my interests	26%			20%	19%
Content is unique and original	24%			17%	25%
High-quality production	23%	20%	28%	30%	29%
A wide variety and vast selection	21%			30%	27%
Can watch multiple episodes in one sitting	19%			30%	34%
Frequently offers new content	17%			6%	11%
Accessible anywhere, and on any device	17%			17%	22%
Content is good for a short viewing session	16%			11%	11%
Can easily find something to watch when browsing	16%			20%	21%
Videos that I want to share with others	13%			7%	5%
Content is buzzworthy and popular	11%			9%	6%

% #1

A5/6/7_2. Please rank top 3 things you like most about watching [video type]?

Information Sources: Word of mouth and online browsing are top sources of ODV awareness

ODV Sources of Awareness and Influence

- **The top five sources of awareness of ODV content are word of mouth, online browsing, social media, search, and TV ads.**

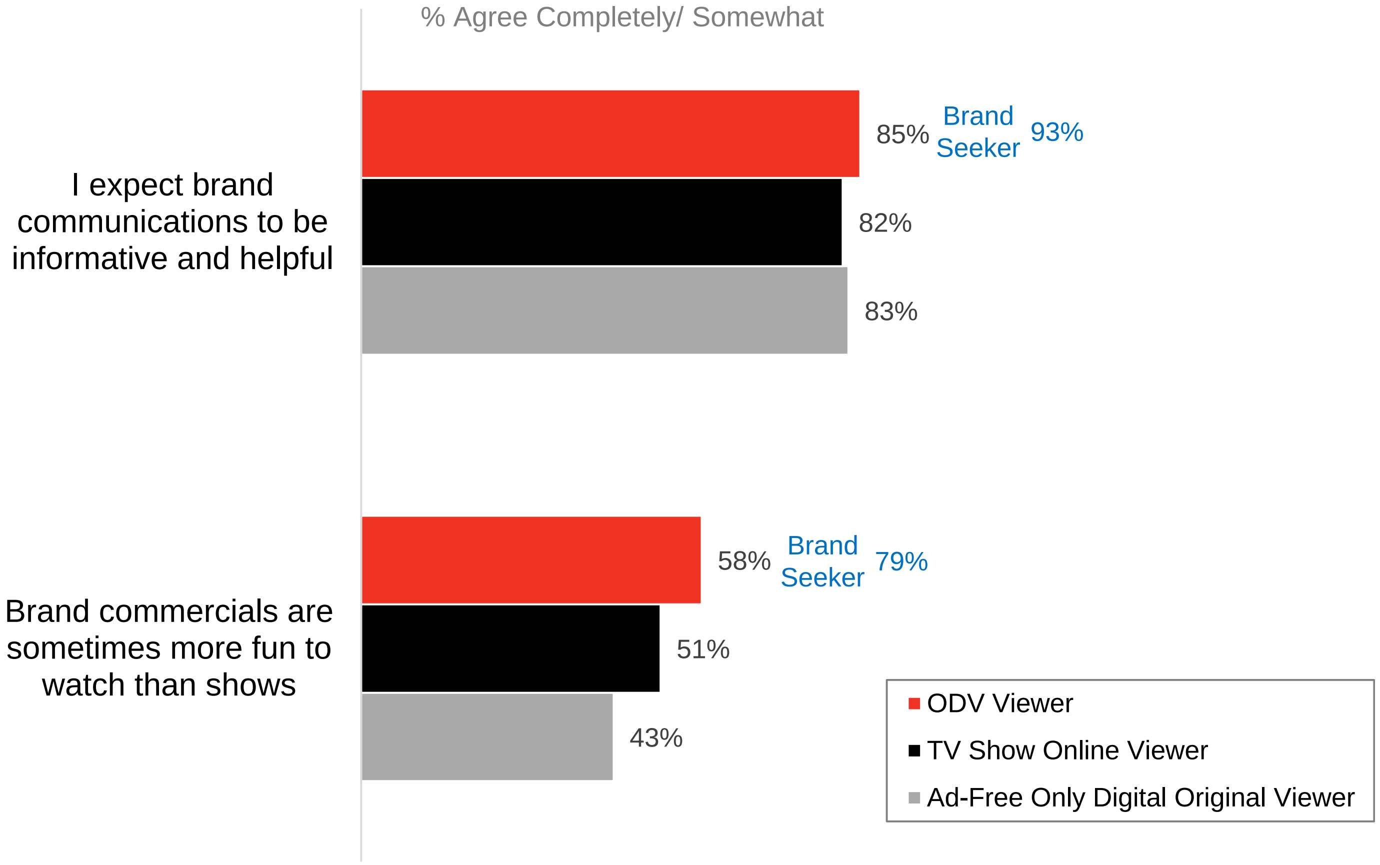
- **However, show reviews, print, radio, and billboard ads are also highly influential on content choices among exposed viewers even though they don't have the same level of reach as the top sources.**

	Sources of ODV Awareness (among ODV viewers)	ODV Short	ODV Long	Very Influential on Decision to Watch ODV (among those who use the source)	ODV Short	ODV Long
Talking with others	48%			67%		
Browsing websites/apps	45%			65%		
Social media posts or comments	42%			54%		
Search engine	42%			57%		
TV ads	37%	35%	41%	63%		
Recommendations from websites/apps	35%			52%		
Online video or banner ads	29%			53%	54%	65%
Ads in social media feed	24%			52%		
Reviews or articles of shows/movies	22%	20%	28%	65%		
Articles/videos on websites or blogs	19%			44%		
Newspaper/Magazine ads	15%			67%	64%	70%
Podcasts	13%			51%		
Radio ads	11%			70%	76%	67%
Billboard ads	11%			63%		

B1. Which of the following sources of information do you use to find new original video or series that's only available for digital viewing? B2. How influential is each source of information on your decision of whether or not to watch specific original video or series that's only available for digital viewing?

Expectations for ads: Majority of ODV viewers believe that ads can be useful and fun

Expectations for Brand Communications



- **The majority of digital video viewers have high expectations for the utility value of brand communications.**
- **ODV viewers are stronger believers that ads can be fun than other types of digital video viewers.**
- **Brand Seekers are more receptive and optimistic about advertisements, believing they can be useful and fun.**

D7. To what extent do you agree with the following statements when it comes to brand communications?

Thank you

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